FILE COPY

IN THE

Supreme Court of the United States

OCTOBER TERM, 1937.

No. [redacted] 2

KELLOGG COMPANY,

Petitioner,

against

NATIONAL BISCUIT COMPANY,

Respondent.

MOTION FOR LEAVE TO FILE OUT OF TIME A SECOND PETITION FOR RECONSIDERATION OF PETITION FOR WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE THIRD CIRCUIT.

THOMAS D. THACHER,
W. H. CRICHTON CLARKE,
Counsel for Petitioner.

IN THE

Supreme Court of the United States

OCTOBER TERM, 1937

No.

KELLOGG COMPANY,
Petitioner,

AGAINST

NATIONAL BISCUIT COMPANY,
Respondent.

PETITIONER'S MOTION FOR LEAVE TO FILE OUT OF TIME ITS SECOND PETITION FOR RECONSIDERATION OF ITS PETITION FOR A WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE THIRD CIRCUIT.

Now comes the petitioner herein and asks leave to file out of time the annexed second petition for reconsideration of its petition for a writ of certiorari to the Circuit Court of Appeals for the Third Circuit.

The case is of great public importance because under the decree of the Circuit Court of Appeals, as "clarified" by a decision of that Court entered since the petition for a writ of certiorari was denied by this Court, the

respondent is in effect entitled to a perpetual monopoly of manufacture and sale of shredded wheat biscuits in accordance with the disclosure of patents which have long since expired and to the exclusive use of the name shredded wheat biscuit by which this previously patented product is known. This motion is made at the earliest opportunity after the Circuit Court of Appeals on May 5, 1938 changed its directions to the District Court.

Respectfully submitted,

KELLOGG COMPANY, Petitioner,
by THOMAS D. THACHER,
W. H. CRICHTON CLARKE,
Counsel.

Dated, May 23, 1938.

IN THE

Supreme Court of the United States

OCTOBER TERM, 1937

No.

KELLOGG COMPANY,
Petitioner,

AGAINST

NATIONAL BISCUIT COMPANY,
Respondent.

SECOND PETITION FOR RECONSIDERATION OF PETITION FOR CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE THIRD CIRCUIT.

TO THE HONORABLE THE CHIEF JUSTICE AND THE ASSOCIATE JUSTICES OF THE SUPREME COURT OF THE UNITED STATES:

Respondent brought suit in the District Court of the United States for the District of Delaware against the petitioner to enjoin trademark infringement and unfair competition in the sale of petitioner's product generally known as shredded wheat biscuits. The District Court dismissed the complaint upon the merits, holding that there was no violation of trademark or unfair competition

(R. 1, pp. 193-228). The Circuit Court of Appeals for the Third Circuit (Buffington, Davis and Thompson) affirmed the judgment of the District Court (R. 3-A, pp. 2069, 2073), but upon reargument vacated its order of affirmance and directed that an injunction issue (R. 3-A, pp. 2083-2094). To review this judgment the petitioner filed a petition for certiorari in this Court which was denied October 25, 1937, and thereafter applied for reconsideration of its petition which was denied November 8, 1937.

Events have occurred since the denial of the writ which clearly indicate that in the interest of justice the petition for the writ should now be reconsidered because of the action taken by the court below in revising its decree since the denial of the writ.*

The decree as originally drawn (R. 3-A, p. 2094) directed the District Court

> "to enter a decree enjoining the defendant from the use of the name 'Shredded Wheat' as its trade name and from advertising or offering for sale its product in the form and shape of plaintiff's biscuit in violation of its trade-mark",

which the Court described in its opinion (R. 3-A, p. 2085) as

> "consisting of a dish containing two biscuits submerged in milk".

Upon the going down of the mandate an interlocutory judgment was entered and an injunction was issued in

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* As stated at page 4, *infra*, the revision of its decree by the court below subsequent to the denial of the petition for certiorari by this Court, brings its decision into conflict with the decisions of the Circuit Courts of Appeals in three other circuits and with applicable decisions of this Court. In *Sanitary Refrigerator Co.* v. *Winters*, 280 U. S. 30, 34, this Court held that a conflict of decision between two Circuit Courts of Appeals, arising after a denial of a petition of certiorari, is ground for granting a writ upon a petition for rehearing.

the words of the mandate. Thereafter question arose in the District Court as to the meaning of the words of injunction taken from the mandate. The petitioner contended that they should be construed conjunctively, and that thus construed they permitted the petitioner to continue the manufacure of shredded wheat biscuits in their characteristic form and fairly to sell the product provided they were not sold under the name "Shredded Wheat" in conjunction with the use of plaintiff's trademark consisting of a dish containing two biscuits submerged in milk (R. 3-A, p. 2249). The respondent contended that the language should be construed disjunctively, and that the petitioner must be enjoined from all use of the words "Shredded Wheat" in advertising or selling its product, from all sales of shredded wheat biscuits in their characteristic form, and from picturing a dish containing two biscuits submerged in milk (R. 3-A, p. 2250).

The respondent thereafter, on March 4, 1938, moved the Court of Appeals (R. 3-A, p. 2248) to recall its mandate for clarification, and on May 5, 1938 the court below filed an opinion (R. 3-A, p. 2282) stating in part (R. 3-A, pp. 2283-4):

> "The language at the end of the opinion and in the order [of April 12, 1937] and mandate is poorly phrased. We intended to enjoin the use of the words 'Shredded Wheat' as a trade name, the advertising and sale of biscuit in the pillow-shape form, and the use of the two-biscuit-in-a-dish trade mark, separately or together. * * *"

The order recalling and clarifying the mandate directed (R. 3-A, p. 2285):

> "(2) That the said Mandate be clarified so as to direct the United States District Court for the District of Delaware to enter a decree, in the usual form, enjoining the defendant, Kellogg Company (1) from the use of the name 'SHREDDED WHEAT' as its trade name, (2) from advertising or offering for sale its product in the form and shape of plaintiff's biscuit, and (3) from doing either; * * *"

Thus, the court below has now "clarified" its mandate so as to direct an injunction prohibiting petitioner from making any sales whatever of shredded wheat biscuits in their characteristic form, even though there is no violation of respondent's trade mark, and even though such sales are made in cartons or other packages of such distinctive size, style and design, and so marked, that there can be no misrepresentation or confusion as to the source of the product. The effect of the decree is to prohibit all sales of petitioner's product, and to give the respondent a monopoly in manufacturing and selling an article, heretofore protected by patents which have long since expired.

This change in the decree of the court below brings its decision into irreconcilable conflict with the decision of the Circuit Court of Appeals for the Second Circuit in *Shredded Wheat Co.* v. *Humphrey Cornell Co.*, 250 Fed. 960, where the respondent's rights were determined in a suit brought by its predecessor in title after expiration of the patents to enjoin acts of unfair competition in selling shredded wheat biscuits identical in substance, size and appearance with the respondents. In that case the Court concluded (p. 966):

> "The decree will therefore be modified as follows: First, by relieving the defendants of any injunction in the sale of such biscuits as shall reach the last purchaser in cartons; second, all biscuits reaching the last purchaser outside of their cartons must either bear a letter, cross, or other plain symbol, impressed in their substance, or have fastened upon them a wrapping, tag, or band, stating that they are made by the Ross Food Company; third, the defendant at the end of six months may apply to the District Court to be relieved of the second requirement, upon showing that after a bona fide trial of all possible expedients it cannot comply with that provision, except at an expense which would make impossible any continued competition in the business of selling biscuits outside the cartons with any assurance of reasonable profit."

The Circuit Court of Appeals for the Second Circuit upheld the indubitable right of the defendant to manufacture and sell shredded wheat biscuits of precisely the same form, size and appearance as those sold by the Shredded Wheat Company, respondent's predecessor in title, emphasized the necessity of completely preserving the right of the defendant to compete with respondent's predecessor in the sale of such biscuits, and in this connection held (p. 964):

> "Under the guise of protecting against unfair competition, we must be jealous not to create perpetual monopolies."

This is the unavoidable and direct result of the injunction directed by the court below in its latest decree.

Contrasted with the situation which existed in the *Humphrey Cornell* or so-called "Ross" case, *supra*, the practice of the petitioner as disclosed by the record has been to manufacture and sell biscuits of smaller size than those sold by the respondent when the petitioner entered the field of competition (R. 1, p. 221), and furthermore, to sell in separate distinctive cartons two biscuits for service to the ultimate purchaser in hotel and restaurant trade (R. 1, p. 204). No biscuits are sold by petitioner except in cartons which are distinctively marked (R. 1, pp. 203-204, and see cartons R. 1, pp. 205-219). The District Court concluded that the defendant's practices fully complied with all of the requirements of the *Humphrey Cornell* case, *supra*.

The correctness of the decision in that case was in effect conceded by respondent in the court below. (See original Petition for Certiorari, p. 2, footnote.)

With respect to the use of the name "shredded wheat", the decision of the court below is in conflict with the decision of the Circuit Court of Appeals for the Eighth Circuit in *Centaur Co.* v. *Heinsfurter*, 84 Fed. 955. With respect to the determination that the plaintiff was entitled to any relief, the decision of the court below is in conflict with

the decision of the Circuit Court of Appeals for the Sixth Circuit in *Kellogg Toasted Corn Flake Co.* v. *Quaker Oats Co.*, 235 Fed. 657, 667, and with applicable decisions of this Court in *Warner & Co.* v. *Lilly & Co.*, 265 U. S. 526; *Canal Co.* v. *Clark*, 13 Wall. 311; *Standard Paint Co.* v. *Trinidad Asphalt Mfg. Co.*, 220 U. S. 446. In holding respondent entitled to the exclusive use of the name "shredded wheat" the decision of the court below is in conflict with the decision of the Court of Appeals of the District of Columbia in *Natural Food Co.* v. *Williams*, 30 App. D. C. 348, and with the applicable decisions of this Court in *Holzapfel's Co.* v. *Rahtjen's Co.*, 183 U. S. 1, 12, and *Beckwith* v. *Commissioner of Patents*, 252 U. S. 538.

A further reason for review in this Court is found in the decision of the Privy Council in England, in *Canadian Shredded Wheat Co. Ltd.* v. *Kellogg Company of Canada Ltd., and another*, 55 R. P. C. 125, All England Law Reports Annotated 1938, Vol. 1, Part 8, pp. 618-634, where in a suit between the respective Canadian subsidiaries of the two parties to this suit, the members of the Judicial Committee of the Privy Council expressed their preference for the first decision of the court below dismissing the complaint to its later decision reversing the District Court. The facts stated in the judgment of the Privy Council delivered by Lord Russell of Killowen appear to be the same in all material respects as the facts in the case at bar. The questions presented were the same as those at bar. The decision is in direct conflict with that of the court below. For the convenience of the Court we are filing herewith printed copies of the opinion of the Privy Council.

These extraordinary circumstances disclosed by the proceedings in the court below since the denial of the petition for a writ of certiorari to review the decree of April 12, 1937, we submit, appropriately require further consideration of the question whether or not all of the

proceedings in the court below should not be reviewed in this Court.

Accordingly, the petitioner is filing coincidentally with the filing of this motion a new petition for a writ of certiorari to review the last decree of the Circuit Court of Appeals, entered on May 5, 1938. This motion for reconsideration of the prior petition for a writ of certiorari to review the decree of the court below, entered April 12, 1937, is now made so that the questions then considered may be open for consideration in determining whether this Court should review all of the proceedings in the court below.

WHEREFORE we pray that this Court reconsider the petition for a writ of certiorari heretofore filed herein, and upon such reconsideration and upon consideration of the petition for a writ of certiorari filed coincidentally with this motion that the Circuit Court of Appeals for the Third Circuit be directed to certify the record of its proceedings in this case to this Court for review.

Respectfully submitted,

THOMAS D. THACHER,
W. H. CRICHTON CLARKE,
Counsel for Petitioner.

Dated, May 23, 1938.

WE HEREBY CERTIFY that the foregoing petition is presented in good faith and not for delay.

THOMAS D. THACHER
W. H. CRICHTON CLARKE